

**SECTION II – SPECIFIC COMPLIANCE**  
**FUND 80 – GENERAL FIXED ASSETS ACCOUNT GROUP**

Whenever a fixed asset (capital asset) expenditure is recorded in the general fund, special revenue fund or capital projects fund, or when fixed assets are donated to the district, an entry is required in the general fixed assets account group. Under GAAP, the general fixed assets account group must be established in the general ledger and updated at least monthly for additions and disposals. The department notified districts by memorandum dated January 11, 2001 that, effective July 1, 2001, the capitalization threshold used by school districts and charter schools in the State of New Jersey is increased to \$2,000. Revised pages 72 and 73 of The Uniform Minimum Chart of Accounts (Handbook 2R2) for New Jersey Public Schools were attached to the January, 2001 memorandum and are included with the memo at the end of this chapter. Items greater than \$2,000 which meet the other four criteria identified in the Handbook 2R2 should be considered capital assets. Local school district auditors must use the GAAP For New Jersey School Districts, A Technical Systems Manual, Chapter 12 to evaluate a district's maintenance of the general fixed asset records. The Department of Education has determined that the general fixed asset (capital asset) records should have been implemented on or before June 30, 1994. The auditor must make appropriate comments and recommendations if the fixed asset accounting is not being maintained as well as issuing a qualified opinion on the general-purpose financial statements.

### **Capital Leases**

Assets acquired under a capital lease are recorded at the inception of the lease.

### **Construction In Progress**

Assets under construction are tracked through Construction In Progress until completion.

### **GASB 34 Model - Sample Format for the Capital Asset Subsidiary Ledger**

As noted in Chapter I-1 of this Audit Program, schedules of capital (fixed) assets should be prepared prior to audit. The following is a suggested minimum format for districts' use in maintaining records of capital assets, including accumulated depreciation (Accum. Depr.) and depreciation (Depr.):

Classification	N1	N2	Date Placed in Service	Acquisition Cost	Method of Depr.	Life	6/30/01 Accum. Depr.	7/1/02- 6/30/02 Depr. Expense	6/30/02 Accum. Depr.
<b>Buildings:</b>									
School #1			9/1/97	\$5,000,000	S/L	35 yr	\$547,619	\$142,857	\$690,476
<b>Furniture:</b>									
Desks	B2	P5	9/1/97	\$5,000	S/L	10 Y	\$1,917	\$500	\$ 2,417

**N1** – Assets should be tagged and maintained by physical location.

**N2** – Assets that can be specifically identified to a program or function should be noted with the program code. If assets are not specifically identifiable, the district should note "N/A" in the program column.

General capital assets are reported, net of accumulated depreciation, in the assets section of the district-wide *Statement of Net Assets*. GASB 34 eliminated the reporting of the general fixed asset account group.

Districts that are implementing the GASB 34 financial statement model will continue to use the general fixed asset account group (GFAAG) for recording transactions throughout the year until the National

Center of Education Statistics (NCES) and subsequently the NJDOE issue an updated chart of accounts. Journal entries will be recorded as part of the year-end conversion process transferring the balances in the GFAAG to the district wide *Statement of Net Assets and to record the depreciation in the Statement of Activities*.

General capital assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds statements (*Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances*). Capital outlays are reported as a reconciling item in the *Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities*, which reconciles the net change in government fund balances to the change in net assets of governmental activities.

District staff and auditors may refer to the NJDOE GASB 34 web site for sample statements noted above <http://www.state.nj.us/njded/finance/fp/gasb34/outline.shtml#worksheets>. District staff and auditors should also refer to the Section II-30, Capital Projects Fund, of this Audit Program for related subjects.